



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Adopt resolution authorizing the Northern California Power Agency to enter into a sale of a portion of Lodi's rights to combustion turbine capacity in the CT1 Project to the City of Roseville, CA for a four month period beginning July 1, 2006. (EUD)

**MEETING DATE:** June 7, 2006

**PREPARED BY:** Electric Utility Director

**RECOMMENDED ACTION:** That the City Council adopt a resolution authorizing the Northern California Power Agency (NCPA) to enter into a sale of a portion of Lodi's rights to combustion turbine capacity in the CT1 Project to the City of Roseville, CA for a four month period beginning July 1, 2006.

**BACKGROUND INFORMATION:** The City of Lodi, and certain other NCPA members, have an entitlement in a total of five 25 megawatt combustion units located in Alameda (2 units), Roseville (2 units) and Lodi (1 unit). These five generating units comprise the "CT 1 Project". The City of Roseville has requested to purchase the entire output of one of the two units located in Roseville from the other NCPA members with entitlement in these units. (Lodi has rights to 34.78% of each CT1 Project unit.) This request results in part from the fact that the Roseville units are now part of the Western Area Power Administration sub-control area (as is Roseville's electric network) while all other CT 1 Project participants are located in the separate CAISO control area.

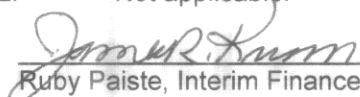
At its recent May 25 Commission meeting, NCPA received approval of a resolution giving the NCPA General Manager authority to develop and execute a CT 1 Project sales contract with Roseville on behalf of NCPA members in the CT 1 Project (see attached draft NCPA memorandum and resolution). In addition to this authorization, however, NCPA's General Counsel has determined that CT 1 Project participants whose governing body have not previously delegated general power sales/purchase authority to their utility director or City Manager, such as Lodi, obtain direct authorization for the proposed transaction.

The Electric Utility Department has reviewed the proposed transaction and determined that the CT1 capacity proposed to be sold to the City of Roseville from July 1, 2006 to October 30, 2006 is surplus to its needs. The electrical output of the CT1 project is far more expensive than the bulk power market and EUD has previously obtained market energy to meet the preponderance of its projected power needs during this period.

The terms of the Roseville combustion turbine sale are still being finalized, however, the proposed transaction is expected to begin July 1, 2006 and extend for four months. The price for the capacity sold would reflect market conditions for peaking capacity -- presently estimated to be \$3.00 per kilowatt-month. Based on Lodi's 34.78% interest in the CT 1 Project, projected revenue to Lodi for this transaction would total about \$90,500 in FY07.

**FISCAL IMPACT:** Possible revenue of about \$90,500 to the electric fund in FY07.

**FUNDING AVAILABLE:** Not applicable.

  
Ruby Paiste, Interim Finance Director

  
George F. Morrow, Electric Utility Director  
*GRIC*

**APPROVED:**   
Blair King, City Manager

RESOLUTION NO. 2006-105

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE  
NORTHERN CALIFORNIA POWER AGENCY (NCPA) TO ENTER INTO A  
SALE OF A PORTION OF LODI'S RIGHTS TO COMBUSTION TURBINE  
CAPACITY IN THE CT1 PROJECT TO THE CITY OF ROSEVILLE,  
CALIFORNIA, FOR A FOUR-MONTH PERIOD BEGINNING JULY 1, 2006

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WHEREAS, the City of Lodi, and certain other Northern California Power Agency (NCPA) members, have an entitlement in a total of five 25 megawatt combustion units located in Alameda (two units), Roseville (two units), and Lodi (one unit); and

WHEREAS, these five generating units comprise the "CT1 Project"; and

WHEREAS, the city of Roseville has requested to purchase the entire output of the two units located in Roseville from the other NCPA members with entitlement in these units; and

WHEREAS, this request results in part from the fact that the Roseville units are now part of the Western Area Power Administration sub-control area (as is Roseville's electric network) while all other CT1 Project participants are located in the California Independent System Operator control area; and

WHEREAS, at its May 25, 2006, Commission meeting, NCPA received approval of a resolution giving the NCPA General Manager authority to develop and execute a CT1 Project sales contract with Roseville on behalf of NCPA members in the CT1 Project; and

WHEREAS, NCPA's General Counsel has determined that CT1 Project participants whose governing body have not previously delegated general power sales/purchase authority to their Utility Director or City Manager, such as Lodi, obtain direct authorization for the proposed transaction; and

WHEREAS, the Electric Utility Department has reviewed the proposed transaction and determined that the CT1 capacity proposed to be sold to the city of Roseville from July 1, 2006 to October 30, 2006 is surplus to its needs; and

WHEREAS, the terms of the Roseville combustion turbine sale are still being finalized, with the proposed transaction expected to begin July 1, 2006, and extend for four months; and

WHEREAS, the price for the capacity sold would reflect market conditions for peaking capacity -- presently estimated to be \$3.00 per kilowatt-month. Based on Lodi's 34.78% interest in the CT1 Project, projected revenue to Lodi for this transaction would total about \$90,500 in fiscal year 2007.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize NCPA to enter into a sale of a portion of Lodi's rights to combustion turbine capacity in the CT1 Project to the City of Roseville, California, for a four-month period beginning July 1, 2006.

Dated: June 7, 2006

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I hereby certify that Resolution No. 2006-105 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 7, 2006, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Johnson, and Mounce  
NOES: COUNCIL MEMBERS – None  
ABSENT: COUNCIL MEMBERS – Mayor Hitchcock  
ABSTAIN: COUNCIL MEMBERS – None

  
JENNIFER M. PERRIN  
Interim City Clerk